

MARICOPA COUNTY SELF-INSURED TRUST

**BOARD OF TRUSTEES MEETING**

301 W. Jefferson Street, Suite 3200  
North Conference Room, 3<sup>rd</sup> Floor, Maricopa County Administration Building  
Monday, February 22, 2016  
Open Meeting Time: 11:00am

**OPEN SESSION**

**MINUTES**

TRUSTEES PRESENT: Jim Steinkamp, Beverly Dupree, Helena Whitney  
(Telephonically): Rex Jorgensen

TRUSTEES ABSENT: Brad Arnett

STAFF PRESENT: Meg Blankenship, Christopher Bradley, Tawn Thornton,  
Dave Hansen, Curtia Hunter-Richard

GUESTS: None

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff member in attendance. The folder included the meeting agenda, December 07, 2015 meeting minutes, and the financial statements.

The Open Session meeting was called to order by Chairperson Steinkamp at 11:06am. A quorum was present.

**Approval of Meeting Minutes**

Chairperson Steinkamp called for the approval of the December 7, 2015 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Dupree and seconded by Trustee Whitney. The December 7, 2015 minutes were unanimously approved.

**Presentation and Discussion – Review of Financial Statements**

Dave Hansen presented a review of the current assets and liabilities related to the Employee Benefits Trust Fund as reflected in the following financial reports:

- Financial Commentary – January 2016
- Fund Balance Roll-Forward – Seven Months Ended January 31, 2016
- Statements of Revenues, Expenses, and Changes in Net Assets – YTD as of January 31, 2016
- Statements of Net Assets – January 31, 2016, June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012
- Balance Sheet Details – January 31, 2016, June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012

## **Presentation and Discussion – Mid-Year Financial Review**

Dave Hansen distributed and presented the “Maricopa County Employee Benefits Trust Fund Financial Statements, June 30, 2015”, and the clean opinion results of an external audit completed by CliftonLarsonAllen LLP.

Discussion ensued on the external auditors’ review of the 2014 audit report which addressed a deficiency in internal controls based on governmental and the County’s standards related to the \$6 million refund from a provider to the Plan. The County confirmed that the exposure for the Plan to any future similar errors has been significantly reduced based on a new billing method for certain services. The County confirmed that this was a system-wide error for all the provider’s clients in the state of Arizona.

Discussion ensued regarding the potential impact of managing benefits administration on a calendar year basis as opposed to the current fiscal year basis. The question was whether this type of change would help with managing tax advantaged accounts such as H.S.A.s and F.S.A.s as our benefits year would align with the IRS tax year. If the County’s goal is to drive employees to a more consumer driven plan to manage health care costs, such as the HDHP, the suggestion was made that it may be advantageous to review the possible change from fiscal year to calendar year. Trustee Whitney requested an impact analysis for moving benefits administration to a calendar year basis.

## **Presentation and Discussion – Benefit Premium Holiday**

The questions by Chairperson Steinkamp in reference to the Premium Holiday recommendation were addressed and clarified. It was confirmed that if the County does not move forward with the Premium Holiday, \$3.5 million will need to be either collected from each County department or the deficiency would need to be written off of the receivables. Since the Premium Holiday has been budgeted but not approved by the Board of Supervisors, department budgets would be required to adjust for the difference. If the Premium Holiday is approved, the Benefits Trust Fund will fall below

the recommended reserve levels and not meet expected goals as budgeted. For this reason, the County Manager has directed that the FY 2017-2018 budget require departments to repay the Premium Holiday over the course of the year through higher allocation charges.

The questions by Trustee Whitney in reference to the budget process at the County were addressed and clarified. The budget process for the County is as follows: departments are currently in the process of developing budgets, and budgets are submitted to the County Budget Office starting in December/January on a staggered basis and continue throughout February/March. The County Budget Office reviews department budgets and has on-going discussions with Board of Supervisors and County Administrators. In April, the overall budget for the County will be consolidated and developed for the County. The Board of Supervisors will start to consider and formalize the budget in May. It was confirmed that the Budget Office has prior awareness of the Benefit staff recommendations for the Premium Holiday and the three supporting actions.

The questions by Chairperson Steinkamp in reference to the Board of Supervisors' knowledge of the Plan projected deficiency and the recommended actions to balance up to the recommended reserve level were addressed and clarified. It was confirmed that the projected deficiency and the three actions recommended would be not be news to the Board of Supervisors since this plan of action has been developed over the past year with the County Administrators. There has been sufficient notice to the Board of Supervisors of the current plans to meet the recommended reserve levels.

Chairperson Steinkamp called for the motion in reference to the Benefit Premium Holiday. The motion was made by Trustee Whitney to approve the recommendation to the Maricopa County Board of Supervisors for a Benefit Premium Holiday to be implemented for one pay period in June 2016 for the self-insured bundled Health and Welfare plans, along with the three (3) action items as outlined on page 6 of the Financial Statements. The motion was seconded by Trustee Dupree. There was no further discussion. The motion was unanimously approved.

### **Presentation and Discussion – FY 2017 Budget Update**

Christopher Bradley distributed and presented the forecast of the FY 2017 Budget.

The question by Chairperson Steinkamp in reference to benefit changes that allow for the 4% increase reflected on the FY 2017 Budget was addressed and clarified. The FY

2017 Budget represents the benefit changes the Board of Supervisors approved last year.

The question by Chairperson Steinkamp in reference to the \$15 million Ending Fund Balance was addressed and clarified. It was confirmed that the \$15,386.318 Ending Fund Balance reflected for the FY 2017 Budget is the low end of the range as planned for the Plan Reserve Levels.

### **Convene an Executive Session**

Chairperson Steinkamp asked for a motion to move to Executive Session to discuss a subrogation claim. The motion was made by Trustee Dupree and seconded by Trustee Whitney. By unanimous vote, the Open Session meeting was closed to the public at 11:55 am and an Executive Session convened at 11:55 am.

The Open Session meeting resumed at 11:59 am immediately following the adjournment of the Executive Session.

### **Call to Public**

Chairperson Steinkamp made a Call to the Public. No one from the public was present.

### **Motion to Adjourn**

Chairperson Steinkamp called for a motion to adjourn. The motion to adjourn was made by Trustee Dupree and seconded by Trustee Whitney.

The meeting was adjourned at 12:01 pm.